Global Short Duration strategy

Broadly positive month for markets, led by UK gilts

- Despite the US-China trade truce, positive economic data and strong earnings releases, credit spreads were mixed, with investment grade credit spreads broadly unchanged while high-yield spreads widened
- Global government bond yields fell, with UK gilts significantly outperforming due to UK inflation surprising to the downside
- We remained defensively positioned with 20% invested in sovereign debt

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What's happening?

- Despite the US-China trade truce, positive economic data and strong earnings releases, credit spreads were mixed, with investment grade credit spreads broadly unchanged while high-yield spreads widened on the back of the collapse of car parts company First Brands and subprime auto-lender Tricolor.

- The US Federal Reserve (Fed) cut interest rates by 25 basis points (bps) to a range of 3.75% to 4% amid economic turbulence from the US government shutdown. However, Fed chair Jerome Powell poured cold water on expectations for another rate cut this year, stating it was not a 'foregone conclusion'. Meanwhile, the European Central Bank (ECB) kept interest rates unchanged at 2% and repeated that policy was in a 'good place'. The Bank of England (BoE) did not meet in October, but policymakers are expected to keep rates at their current 4% level at its November meeting.

- Global government bond yields fell, with UK gilts significantly outperforming due to UK inflation in the 12 months to September surprising to the downside at 3.8%. US inflation also came in lower-than-expected at 3% while eurozone inflation was in-line at 2.2%.

Strategy in focus – representative account (31/10/25)	
Assets under management	€121m
Yield (EUR / USD hedged/ CHF hedged / GBP hedged)[1]	2.5% / 4.6% / 0.4% / 4.5%
Duration[1]	2.7 yrs
Average rating[2]	A-
Number of issuers	145
Launch date	06/07/2017

Past performance is not a reliable indicator of future results

Cumulative net performance – representative account (EUR)[3]	
One month	+0.52%
Year-to-date	+3.26%
One year	+3.92%
Three years	+16.46%
Five years	+10.62%
Since launch	+13.09%

Annualised net performance – representative account (EUR)[3]	
One year	+3.92%
Three years	+5.20%
Five years	+2.04%
Since launch	+1.49%

Source: AXA IM as at 31/10/2025. The data is based on a representative account that follows the strategy and is not intended to represent actual past or simulated past performance of the strategy. **Return may increase or decrease as a result of currency fluctuations.** Performance calculations are net of fees, based on reinvestment of dividends.

Portfolio positioning and performance

- **Sovereign**: Our exposure to sovereign bonds was unchanged at 20% as we kept our bias towards UK gilts and US inflation-linked bonds. We also remained invested in German bunds and government related debt. We continued to actively manage the duration to benefit from the volatility in sovereign yields.
- **Investment Grade**: Our exposure to investment grade markets was largely stable at 61% as we retained our bias towards the sterling credit market due to more attractive valuations. We were particularly active in the US dollar, euro and sterling secondary markets.
- **High-Yield and Emerging Markets**: Our exposure to high-yield and emerging markets was broadly unchanged at 16% as we retained our bias towards European high-yield.

Outlook

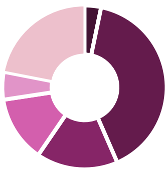
- The outlook for the Fed remains uncertain due to competing narratives: a weakening labour market and trade uncertainty would warrant cutting rates while sticky inflation, accommodative financial conditions and artificial intelligence (AI) capex boom would warrant keeping them on hold.
- With credit valuations looking fair to expensive across most asset classes, growing AI bubble worries and private credit concerns, we retain our defensive bias, giving us the optionality to potentially add risk at better levels.
- We also continue to actively manage the duration to benefit from the volatility in sovereign yields.

Asset class breakdown

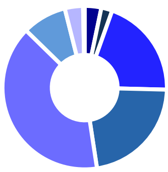
Category	Asset Class	Total
Cash		3%
Sovereign[5]	Nominal	11%
	Inflation-Linked	9%
	Total	20%
Investment Grade Credit	EUR IG Credit	19%
	GBP IG Credit	32%
	USD IG Credit	10%
	Total	61%
High-Yield & Emerging Markets	EUR High-Yield	11%
	USD High-Yield	1%
	Emerging Markets	5%
	Total	16%
Total		100%

Portfolio breakdowns

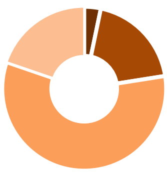
Breakdown by region	
Cash	3%
UK	25%
Core Europe – ex UK	25%
Periphery Europe	14%
North America	26%
Emerging Markets	5%
Developed Asia	3%



Breakdown by sector	
Cash	3%
Financial	40%
Defensive	16%
Cyclical	13%
Securitized	5%
Sovereign[4]	22%



Breakdown by rating[2]	
Cash	3%
AAA	2%
AA	20%
A	22%
BBB	40%
BB	9%
B	4%
CCC & below	0%



Breakdown by maturity	
Cash	3%
0-1 year	19%
1-3 years	58%
3-5 years	20%

(1) Yield and duration calculations include cash held within the portfolio, use the next-call method for all Financials in the portfolio and duration/yield-to-worst for all other holdings. The yield is calculated gross of fees. Please note that the yield calculations are based on the portfolio of assets and may NOT be representative of what clients invested in the strategy may receive as a distribution yield. Yields are not guaranteed and will change in future.

(2) Rating is the worst of S&P, Moody's and Fitch. In the rare case of an unrated issuer we will assign an internal credit rating.

(3) Representative Account has been selected based on objective, non-performance based criteria, including, but not limited to the size and the overall duration of the management of the account, the type of investment strategies and the asset selection procedures in place. Therefore, the results portrayed relate only to such accounts and are not indicative of the future performance of such accounts or other accounts, strategies and/or services described herein. In addition, these results may be similar to the applicable GIPS composite results, but they are not identical and are not being presented as such. Account performance will vary based upon the inception date of the account, restrictions on the account, along with other factors, and may not equal the performance of the representative accounts presented herein. The performance results for representative accounts are net of all fees and reflect the reinvestment of dividends or other earnings.

(4) Any Emerging Market Sovereigns are classified under "Sovereign" for the purpose of this breakdown.

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